

Message Text

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C O N F I D E N T I A L NEW DELHI 8735

EXDIS

E.O. 11652: GDS
TAGS: ETRD, IN
SUBJECT: TEXTILE NEGOTIATIONS

1. I HAVE YOUR CABLE (STATE 145209) ON TEXTILE NEGOTIATIONS
AND DON'T DISAGREE WITH ANYTHING SAID AS SUCH BUT AM A
LITTLE BIT DEPRESSED BY THE WAY IT ALL COMES OUT.

2. AS I MENTIONED, AS AN ASSISTANT SECRETARY OF
LABOR I WAS ONE OF THREE MEN WHO NEGOTIATED THE ORIGINAL
LONG-TERM COTTON TEXTILE AGREEMENT FOR PRESIDENT KENNEDY
IN 1962. OUR OBJECT WAS TRADE EXPANSION. OUR VEHICLE
WAS TRADE RESTRICTION. I DID THAT WORK WITH A GOOD HEART,
AS I BELIEVED IN THE TRADE EXPANSION PRINCIPLE, AND I COULD
SEE THERE WERE REAL DIFFICULTIES FOR OUR INDUSTRY. HOWEVER,
TWO THINGS WERE VERY CLEAR EVEN THEN YEARS AGO. FIRST, WE
HAD OURSELVES CREATED MANY OF THESE DIFFICULTIES BY OUR
PROGRAM OF SUBSIDIZING THE EXPORT OF COTTON, SUCH THAT
OUR OWN MILLS HAD TO BUY IT AT FIVE CENTS A POUND MORE
THAN DID FOREIGN MILLS. THE WICKED FOREIGNERS THEN
SPUN IT INTO YARN AND SENT IT BACK TO BE SOLD--AT FIVE
CENTS A POUND CHEAPER. AT THIS POINT THE SAME POLITICAL
FORCES THAT HAD DEMANDED THE EXPORT SUBSIDY DEMANDED THE
IMPORT QUOTAS. THESE RICH MEN GOT A HELL OF A LOT OUT
OF THE KENNEDY ADMINISTRATION. THEY THEN GOT A HELL OF
A LOT OUT OF THE JOHNSON ADMINISTRATION. THEY ARE NOW
GETTING A HELL OF A LOT OUT OF THE NIXON ADMINISTRATION.
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PAGE 02 NEW DE 08735 280929Z

IN THE MEANTIME, THERE ARE AN AWFUL LOT OF AMERICANS WHO
ARE NOT RICH WHO FOR A DECADE HAVE BEEN PAYING HIGHER
PRICES FOR A BASIC COMMODITY BECAUSE ... WHY? SOMEONE
TELL ME. WHY?

3. I AM NO GREAT ENTHUSIAST AB INITIO FOR WAGE AND PRICE CONTROLS, BUT IT HAS OCCURRED TO ME THAT ONE OF THE VIRTUES OF THESE OTHERWISE AWKWARD UNDERTAKINGS IS THAT THEY DRAW THE ATTENTION OF THE GOVERNMENT AT THE HIGHEST LEVELS TO THE BUILT-IN PROGRAMS OF GOVERNMENT WHICH ARE DESIGNED TO RAISE PRICES. THANK GOD AFTER FORTY YEARS WE ARE GETTING RID OF THOSE AGRICULTURAL SUBSIDIES. BUT SOMEHOW, COTTON TEXTILE PRICE RAISING GOES ON AND ON. WILL SOMEONE TELL ME WHY?

4. I SAID THERE WAS A SECOND POINT THAT OCCURRED TO ME TEN YEARS AGO. IT WAS THAT WHILE WE HAD A FAIR ARGUMENT AGAINST SOME OF THE INDUSTRIAL COUNTRIES SUCH AS JAPAN, IT WAS OUTRAGEOUS THAT WE WERE DELIBERATELY TRYING TO CUT OFF ONE OF THE FEW EXPORTS THE DEVELOPING COUNTRIES ARE GOOD AT IN ORDER TO GET A BIG TRADE AGREEMENT WITH THE COMMON MARKET, WHICH WAS WHAT THE KENNEDY ROUND WAS ALL ABOUT.

5. WELL, IT IS MORE OUTRAGEOUS TODAY. HERE IS INDIA, NEAR STARVATION, NEAR DESPERATION, SPENDING HALF ITS FOREIGN EXCHANGE IN CHICAGO THIS MONTH--UPWARDS OF SIX HUNDRED MILLION DOLLARS GARNERED RUPEE BY RUPEE-- TO BUY AMERICAN WHEAT JUST TO KEEP EATING UNTIL NOVEMBER. HERE IS INDIA IN DESPERATE ECONOMIC CONDITION AND THERE IS THE UNITED STATES AFTER TWENTY YEARS OF PREACHING HARD WORK AND THRIFT TO THESE PEOPLE SAYING THAT THE ONE THING THEY CAN'T DO IS SELL US ONE OF THE FEW THINGS THEY CAN SELL US. THE COUNTRIES WITH HUGE TRADE SURPLUSES (JAPAN, HONG KONG, TAIWAN) DO FIND IN THEIR TEXTILE QUOTAS, BUT NOT INDIA.

6. THIS IS NOT RATIONAL BEHAVIOR. NOR, IN MY VIEW, IS IT MORAL BEHAVIOR. IS THERE NOT SOMEONE IN THE DEPARTMENT WHO WILL RISE UP AND SAY SO FOR THE GOOD OF HIS COUNTRY AND HIS CONSCIENCE?
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PAGE 03 NEW DE 08735 280929Z

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